

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 1111	Department Consumer Affairs	Priority No. 2
Budget Request Name 1111-002-BCP-BR-2016-MR		Program 1115 – BOARD OF BEHAVIORAL SCIENCES	Subprogram

Budget Request Description
Board of Behavioral Sciences Examination Vendor Contract Amendment

Budget Request Summary

The Board of Behavioral Sciences is requesting an augmentation of \$1,482,000 in fiscal year (FY) 2016-17 to amend its examination vendor contract in order to accommodate a higher number of test takers, resulting from the Board's recent examination restructure required by Chapter 387, Statutes of 2011 (SB 704, McLeod). The Board is unable to absorb these additional contract costs, caused by an influx of Law and Ethics exam test takers, within its existing resources.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

☐ FSR ☐ SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>[Signature]</i>	Date 5/6/16	Reviewed By <i>[Signature]</i>	Date 5/6/16
Department Director <i>[Signature]</i>	Date 5/6/16	Agency Secretary <i>[Signature]</i>	Date 5/11/16

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

PPBA *[Signature]* Date submitted to the Legislature
May 13, 2016

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BCP Fiscal Detail Sheet

BCP Title: Behavioral Sciences - Examination Contract Amendment

DP Name: 1111-002-BCP-DP-2016-MR

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services - External	0	1,482	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$1,482	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$1,482	\$0	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
0773 - Behavioral Science Examiners Fund, Professions and Vocations Fund	0	1,482	0	0	0	0
Total State Operations Expenditures	\$0	\$1,482	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$1,482	\$0	\$0	\$0	\$0

Program Summary

Program Funding						
1115 - Board of Behavioral Sciences	0	1,482	0	0	0	0
Total All Programs	\$0	\$1,482	\$0	\$0	\$0	\$0

A. Budget Request Summary

The Board of Behavioral Science is requesting budget authority for \$1,482,000 in fiscal year (FY) 2016-17 to amend its examination vendor contract in order to accommodate a higher number of test takers, resulting from the Board's recent examination restructure required by Chapter 387, Statutes of 2011 (SB 704, McLeod). The Board is unable to absorb these additional contract costs, caused by an influx of Law and Ethics exam test takers, within its existing resources.

B. Background/History

The Board regulates four different types of mental health professionals, including Licensed Marriage and Family Therapists (LMFTs), Licensed Clinical Social Workers (LCSWs), Licensed Educational Psychologists (LEPs) and Licensed Professional Clinical Counselors (LPCCs). Currently, the Board has over 102,000 licensees and registrants, and since FY 2009-10 the Board's licensing population has steadily increased at a rate of approximately five percent each year. Effective January 1, 2016, the Board implemented the examination restructure, which requires all registrants to take the California Law and Ethics examination within the first year of registration.

Under the new examination process, all Board registrants are required to take and pass a Law and Ethics examination. Once a registrant passes the Law and Ethics examination, they are not required to retake the examination. Currently, the Board anticipates a substantial influx of registrants who will be required to submit an application to take the Law and Ethics examination within the next two fiscal years. Registrants who are not successful in the Law and Ethics examination will have the opportunity to retake the examination every 90 days. The Board estimates that it will receive over 61,000 applications (initial examination application and retake applications) in FY 2016-17.

Fiscal Year	2016-17
Initial Registrants*	8,627
Existing Registrants required to take exam	30,634
Total first exam	39,261
First retake applications**	15,704
Subsequent retake applications **	6,282
Total exam applications received annually	61,247
*includes MFTI, ASW, PCI	
** assumes 60% pass rate	

Resource History
(Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY - 1	PY
Authorized Expenditures	\$7,941	\$7,722	\$8,028	\$8,191	\$9,358
Actual Expenditures	\$6,749	\$7,290	\$7,394	\$7,731	\$9,034
Revenues	\$6,366	\$7,791	\$7,088	\$7,994	\$9,405
Authorized Positions	42.4	42.3	40.7	40.7	48.2
Filled Positions	33.6	37.6	40.0	37.8	46.7
Vacancies	8.8	4.7	0.7	2.9	1.5

C. State Level Considerations

The Board is a licensing and consumer protection agency. Its mission is to protect and serve Californians by setting, communicating, and enforcing standards for safe and competent mental health practice. This proposal will not impact other state agencies.

D. Justification

The Board is currently contracted with an examination vendor for approximately \$359,000 (based on FY 2015-16) to administer its current examination structure. As a result of the examination restructure, the Board anticipates to increase its current examination contract by approximately \$1,482,000 in FY 2016-17 to accommodate the incoming registrants that are anticipated to take the new Law and Ethics examination.

Fiscal Year	Current Examination Contract	Estimated Contract Amount Needed	Difference
2016-17	\$359,000	\$1,841,000	\$1,482,000

At the time the Board proposed the examination restructure, it considered the costs associated with the examination change; specifically the costs to develop the examination. The Board noted that the examination development costs would be absorbable. Since the candidate pays for the examination when the examination application and fee is submitted, the Board did not anticipate any issues associated with paying the examination contract. However, under the current budget structure, the Board is unable to redirect current budget authority, despite receiving sufficient revenue, to cover the increase in examination contract costs. In FY 2015-16, the Board received 2.0 two-year limited term Management Services Technicians (MST) to review and process all incoming Law and Ethics Examination applications and in FY 2016-17, the Board is pending legislature approval for 1.0 Management Services Technician to evaluate and approve all requests for testing accommodations, including Law and Ethics examinations, 1.0 Office Technician to cashier all incoming Law and Ethics examination applications and 1.0 Office Assistant to open, sort, prioritize, and distribute incoming mail, which includes the Law and Ethics examination applications. Regrettably, the Board overlooked increasing its expenditure authority to address the increased examination costs associated with the examination vendor contract.

The Board explored all options, including reduction in current budget line items. While some savings would be achieved through reduced spending, such as keeping positions vacant, the redirected savings would not be sufficient to fully fund the examination contract. Also, by holding positions vacant, the workload of other vital units would suffer and backlogs in licensing and enforcement processing times could significantly increase.

Additionally, the Board considered the possibility of proposing regulations to require all examination candidates to pay for the examination directly to the examination vendor. However, this action will be perceived as a fee increase to Board applicants for licensure and likely, will be strongly opposed by the Board's stakeholders. Moreover, the time to complete a regulation package is lengthy, and it would likely be at least a year (FY 2017-18) before any change would be effective if the Board was successful in this rulemaking endeavor.

E. Outcomes and Accountability

As outlined in the Board's Strategic Plan, this proposal is a priority to the Board to ensure all services are delivered efficiently and consistently. The Board's progress and performance will be reported at all quarterly Board meetings.

F. Analysis of All Feasible Alternatives

Alternative 1 – Approve the Board's request for \$1,482,000 in FY 2016-17.

Pro: Approval of this alternative will only approve funding for FY 2016-17. Also, this will provide the Board additional time to collect data.

Con: Approving this alternative would only provide funding for FY 2016-17.

Alternative 2 – Approve the Board’s request at a lesser amount and redirect salary savings from positions proposed in the Board’s BCP for FY 2016-17 to address the increased examination contract costs for the Law and Ethics Examination.

Pro: Approval of this alternative will lessen the amount requested for examination costs.

Con: Approving this alternative would create catastrophic backlogs in all Board programs that adversely impact applicants, registrants, and ultimately Californians seeking mental health services.

Alternative 3 – Status Quo.

Pro: Approval of this alternative will not request any additional resources.

Con: All board registrants will be unable to renew their registration, unable to provide mental health services, and will lose their employment. Moreover, the Board will be forced to stop administering its licensure examinations; ultimately creating an unnecessary barrier to the licensure process.

G. Implementation Plan

Upon approval of the request, the Board will implement the steps necessary to implement these additional resources to address the increased examination contract costs for the Law and Ethics examination.

H. Supplemental Information

None

I. Recommendation

The Board recommends approving Alternative 1.

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DEPARTMENT OF FINANCE
COR/JUD

0773 - Behavioral Science Analysis of Fund Condition

Prepared 5.6.16

(Dollars in Thousands)

2016-17 Governor's Budget

Includes proposed May Revise Finance Letter

	Actual 2014-15	CY 2015-16	Governor's Budget BY 2016-17	BY +1 2017-18
BEGINNING BALANCE	\$ 3,309	\$ 3,958	\$ 5,386	\$ 11,682
Prior Year Adjustment	\$ 119	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 3,428	\$ 3,958	\$ 5,386	\$ 11,682
REVENUES AND TRANSFERS				
Revenues:				
125600 Other regulatory fees	\$ 74	\$ 68	\$ 73	\$ 73
125700 Other regulatory licenses and permits	\$ 2,680	\$ 3,218	\$ 7,739	\$ 4,124
125800 Renewal fees	\$ 5,019	\$ 4,780	\$ 4,917	\$ 4,917
125900 Delinquent fees	\$ 90	\$ 71	\$ 74	\$ 74
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ -	\$ -	\$ -	\$ -
150300 Income from surplus money investments	\$ 9	\$ 2	\$ 4	\$ 29
150500 Interest interest from Interfund loans	\$ 321	\$ -	\$ -	\$ -
160100 Attorney General Proceeds of Anti-Trust	\$ 1	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ 3	\$ 3	\$ 3	\$ 3
161400 Miscellaneous revenues	\$ 4	\$ 4	\$ 4	\$ 4
Totals, Revenues	\$ 8,201	\$ 8,146	\$ 12,814	\$ 9,224
Transfers from Other Funds				
F00001 GF loan repayment per item 1170-011-0773 BA of 2002	\$ 1,000	\$ 3,600	\$ -	\$ -
F00001 GF loan repayment per item 1110-011-0773 BA of 2008	\$ -	\$ -	\$ 3,000	\$ -
F00001 GF loan repayment per item 1110-011-0773 BA of 2011	\$ -	\$ -	\$ 3,300	\$ -
Totals, Revenues and Transfers	\$ 9,201	\$ 11,746	\$ 19,114	\$ 9,224
Totals, Resources	\$ 12,629	\$ 15,704	\$ 24,500	\$ 20,906
EXPENDITURES				
Disbursements:				
1110 Program Expenditures (State Operations)	\$ 8,664	\$ 10,301	\$ -	\$ -
1111 Program Expenditures (State Operations)	\$ -	\$ -	\$ 11,323	\$ 11,167
MRFL - Examination Vendor Cost	\$ -	\$ -	\$ 1,482	\$ -
8880 Financial Information System for California	\$ 7	\$ 17	\$ 13	\$ -
Total Disbursements	\$ 8,671	\$ 10,318	\$ 12,818	\$ 11,167
FUND BALANCE				
Reserve for economic uncertainties	\$ 3,958	\$ 5,386	\$ 11,682	\$ 9,739
Months in Reserve	4.6	5.0	12.6	10.5

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